REMARKS

In this Amendment and Response, Applicants address the Examiner's rejections. Applicants' silence with regard to the Examiner's rejections of the dependent claims is based on Applicants' contention that the rejections are moot based on Applicants' Remarks relative to the independent claim from which the dependent claims depend.

Applicants' representative thanks the Examiner and her Supervisory Examiner for their time during the March 16, 2010 telephonic interview. As discussed during that interview, by the foregoing amendment, claims 1-8 are cancelled. Claims 9-20 are newly added. Support for these amendments can be found in the claims as originally filed and throughout the Specification. (*See, e.g.*, Paragraphs [0004], [0010], [0017], [0018] and [0029]; Figures 1-3). Therefore, Applicants respectfully submit that no new matter has been added. Upon entry of the Amendment, claims 9-20 are pending. Applicants respectfully traverse all rejections of record.

Claim Rejections – 35 U.S.C. § 101

Claims 5, 7 and 8 were rejected under 35 U.S.C. § 101 as allegedly directed to non-statutory subject matter. Applicants have canceled those claims and added new claims that more clearly reflect the claimed subject matter. Accordingly, in view of the foregoing amendment, Applicants respectfully submit that the rejections under 35 U.S.C. § 101 are moot.

Claim Rejections – 35 U.S.C. § 112, Second Paragraph

Claims 1, 3, 5, and 7-8 were rejected under 35 U.S.C. § 112, second paragraph as allegedly indefinite. Applicants have canceled those claims and added new claims that clearly reflect the claimed subject matter. Accordingly, in view of the foregoing amendment, Applicants respectfully submit that the rejections under 35 U.S.C. § 112 are moot.

Claim Rejections – 35 U.S.C. § 103(a)

Claims 1, 3-5, and 7-8 were also rejected under 35 U.S.C. § 103(a) as allegedly unpatentable over U.S. Patent No. 6,786,400 to Bucci ("Bucci") in view of U.S. Patent Publication No. 2003/0041018 to DeSane ("DeSane"). Applicants have canceled those claims and added new claims that more clearly define the claimed subject matter. Accordingly, in view of the foregoing amendment and following remarks, Applicants respectfully submit that the rejections under 35 U.S.C. § 103(a) are overcome.

To reject claims in an application under §103, an examiner must establish a *prima facie* case of obviousness. Using the Supreme Court's guidelines enunciated in *Graham v. John Deere*, 383 U.S. 1, 17 (1966), one determines "obviousness" as follows:

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.

In *KSR Int'l Co. v. Teleflex Inc.*, No. 04-1350 (U.S. April 30, 2007), the Supreme Court reaffirmed the *Graham* test, and indicated that although it should not be rigidly applied, a useful test for determining obviousness is to consider whether there is a teaching, suggestion or motivation in the prior art that would lead one of ordinary skill in the art to combine known elements of the prior art to arrive at the claimed invention. Importantly, the Court emphasized that a patent examiner's analysis under § 103 should be made explicit in order to facilitate review.

Thus, to establish a *prima facie* case of obviousness, the Examiner has an obligation to construe the scope of the prior art, identify the differences between the claims and the prior art, and determine the level of skill in the pertinent art at the time of the invention. The Examiner

must then provide: (1) an explicit, cogent reason based on the foregoing why it would be obvious to modify the prior art to arrive at the claimed invention; (2) a reasonable expectation of success; and (3) a teaching or suggestion of all claimed features. See M.P.E.P. §§ 706.02(j) and 2143.

No Motivation to Combine

As an initial matter, and as discussed during the telephonic interview, Bucci is directed to a system and method that offers a consumer the option to conduct transactions using either a credit line or funds in a depository account. (*See* Bucci, Abstract). In contrast, DeSane describes a method for restructuring the debt of a debtor who has an interest in a distressed property and is unconcerned with payment cards. (*See* DeSane, Abstract, and generally). These cited references are concerned with solving completely different problems, and there would be no reason, or motivation, or likelihood of success for one of ordinary skill to combine the teachings of Bucci with the teachings of DeSane.

The Examiner in the Office Action has only extracted a single, one-line parenthetical from DeSane (bolded below) as the relevant basis for the combination and for arriving at the claimed present invention:

> According to the terms of the "short-term release with repurchase agreement" the third party corporation agrees to immediately purchase the distressed residential property from the debtor. In exchange the debtor agrees to let the third party corporation supervise and control the debtor's finances for up to one year. Typically, prior to the execution of the agreement, the two parties would meet and discuss the debtor's monthly expenses **(e.g. car payment, insurance, credit card bills etc.)** and according to the terms of the agreement arrange for these monthly debts to be paid by direct withdrawal from the debtor's checking account. Also in accordance with the agreement the debtor would reside at the residential property for six-months, or some other appropriate selected time period, rent free. During this initial time period the debtor would thus be able to lower his balance of personal debt B without the additional financial burden of paying rent. The agreement would further specify that after this initial six-month period (or other selected period) the debtor would pay the

> third party cooperation rent at an agreed upon rate for the remaining six months of the agreement.

(DeSane, [0027]). However, that statement in DeSane – which is the only reference to a payment card in any way at all in DeSane – is completely ancillary to the overall invention and description, and refers only to a system for allowing a company to manage an indebted individual's finances (including structuring the making of all of their debt payments, and in this one briefly-mentioned example, the debt being a "credit card"). That mere passing statement alone is not sufficient to instruct one of ordinary skill in the art in payment card technologies to look to the debt-restructuring and acquisition, real-estate-related invention of DeSane to solve problems in payment cards. Accordingly, Applicants respectfully submit that the Examiner has not established a prima facie case of obviousness because the Examiner has not shown that one of ordinary skill in the art of Bucci would look to DeSane.

Independent Claims

Assuming, *arguendo*, that there was a motivation to combine Bucci and DeSane, and "Official Notice" in various respects – a point which Applicants traverse – there would be no reasonable expectation of success and the combination would fail to disclose or suggest all elements of at least new independent claims 9, 13, and 17-20.

As acknowledged by the Examiner, Bucci fails to disclose or suggest multiple limitations addressed in the prior office action, including at least:

- "Bucci … fails to explicitly disclose the depository account is used for covering said charges associated with the transaction conducted by the credit payment card." (Office Action, page 4).

- "Bucci … fails to explicitly disclose a payment cycle is associated with said credit payment card and a credit payment card balance reflects a spending limit associated with said credit payment card." (Office Action, page 5).

- "Bucci ... fails to explicitly disclose wherein at least a portion of said charges accumulated using said credit payment card is are [sic] deducted automatically from said depository account on a periodic cycle and applied to said credit card balance." (Office Action, page 5).

- "Bucci ... fails to explicitly disclose said cycle corresponding to a user-determined deduction cycle and said cycle is agreed upon by said financial institution." (Office Action, page 5).

As noted in Applicants' January 14, 2010 Response, incorporated herein by reference, Bucci fails to disclose or suggest multiple limitations of the claimed inventions herein. Bucci describes a system that allows consumers to use a single card to conduct transactions using either a credit line or funds in a deposit account. (*See* Bucci, Abstract, col. 2, lines 1-11). The cited portions of Bucci describe a system in which the consumer can "conduct at least one transaction at a point-of-sale using money withdrawn from an account associated with the first financial institution or a second financial institution, if the consumer selects a debit option at a point-of-sale terminal, and to conduct at least one other transaction at a point-of-sale using a line of credit issued by the first financial institution or the second financial institution, if the consumer selects a credit option at the point-of-sale terminal... ." (Bucci, col. 2, lines 6-14).

While Bucci describes a single card associated with multiple financial institutions, it fails to disclose or suggest a credit payment card issued to a consumer by one financial institution for conducting transactions and incurring charges associated with each such transaction, wherein the card is linked to a depository account maintained at a different financial institution, and the deposit account is used for covering the charges, and further wherein at least a portion of said charges accumulated using the card are deducted automatically from the depository account according to instructions previously provided by the account holder, as featured in the independent claims of the present application. Indeed, as the Examiner acknowledges and as indicated above, "Bucci...fails to explicitly disclose the depository account is used for covering

said charges associated with the transaction conducted by the credit payment card." (Office Action, page 4).

The Examiner cites DeSane as allegedly disclosing these missing limitations. (Office Action, page 4). However, Applicants respectfully disagree with the Examiner's positions in this respect.

DeSane generally describes a method for the acquisition and restructuring of debt where the debtor has a distressed property. (DeSane, Abstract). The Examiner cites paragraph [0027] of DeSane as allegedly teaching the limitation of "monthly credit card bills to be paid by direct withdrawal from the debtor's checking account." (Office Action, page 4). The relevant portion cited references using a checking account to pay monthly expenses such as a credit card bill, and explains:

> Typically, prior to the execution of the agreement, the two parties would meet and discuss the debtor's monthly expenses (e.g. car payment, insurance, credit card bills etc.) and according to the terms of the agreement arrange for these monthly debts to be paid by direct withdrawl [sic] from the debtor's checking account.

(DeSane, paragraph [0027]). In this sense, DeSane differs in multiple respects. First, DeSane is directed to an **installment plan for recovering a debtor's previously accumulated debt** – which is different from automatically deducting charges accumulated during a payment cycle. Second, DeSane relates to a standard credit card – not the novel card of the present invention – and the payment from a checking account of the monthly bills associated with that standard credit card. That is different from the present invention, which relates to a **payment card that is linked to a deposit account held by another financial institution**, and which automatically deducts payments via, e.g., the ACH network (e.g., on conditions specified by the consumer) from that deposit account. This sort of specialized payment card as recited in the pending

independent claims of the present invention is thus different from even the combination of Bucci and DeSane in at least this sense. The benefits of such a card, wherein the payments are decoupled from the issuing institution, are described in the specification of the present application, e.g., at Paragraphs [0004], [0010], [0017], and [0018]:

> **The financial transaction card of the present invention offers a new way for the financial institutions to offer a charge card to consumers. This card would be linked to a consumer's depository account, which does not have to be maintained at the card-issuing financial institution. The charges that are compiled on this financial transaction card by the consumer would be automatically deducted from the consumer's depository account using the Automated Clearing House (ACH) network.** ACH deductions would be made from the consumer's depository account on a periodic basis (for example, on a weekly basis) as agreed upon by the cardholder and issuing financial institution at the time of acquisition.
>
> ***
>
> **The transaction cards of the present invention provide banks a vehicle to issue a card that is funded or paid by a deposit account housed at another bank. Thus, a bank could go outside its branch markets and thereby expand its portfolio and/or its brand awareness.**
>
> Additionally, the transaction cards of the present invention can be used within the small business sector, where small businesses may prefer the convenience of automatic payment of their credit cards on a predetermined basis, without having to move their checking accounts to different banks to take advantage of the benefits offered by the credit cards of certain banks.
>
> From a cardholder perspective, the transaction card of the present invention provides the cardholder with the ability to get a debit-like product with the benefits of a credit card offering (for example, a listing of all purchases separately) and a card offering from an institution other than the cardholder's deposit account institution.

(*See* Specification, Paragraphs [0004], [0010], [0017], and [0018]). These benefits are not realized by the card of Bucci, in numerous respects, and are not rendered obvious in view of the passing reference in DeSane to a standard credit card.

Additionally, as noted in the Applicants' January 14, 2010 Response, the Examiner has taken Official Notice that it was well known in the art to have a payment cycle determined by a user. Applicants respectfully traversed this official notice (along with the others presented in the Office Action), and the Examiner seems to have withdrawn that official notice. Many cards have predetermined payment cycles set by the issuer/card company and do not allow the user to determine the payment cycle. Indeed, one of the unique features of the present invention is the ability of users to determine payment details. *See*, e.g., specification paragraph [0004] ("The financial transaction card of the present invention offers a new way for the financial institutions to offer a charge card to consumers…The charges that are compiled on this financial transaction card by the consumer would be automatically deducted from the consumer's depository account using the Automated Clearing House (ACH) network. ACH deductions would be made from the consumer's depository account on a periodic basis (for example, on a weekly basis) as agreed upon by the cardholder and issuing financial institution at the time of acquisition."). Applicants respectfully submit that the Examiner's official notice in this and the other respects was or is based on improper hindsight reasoning in view of the disclosure of the problem set forth in applicant's disclosure. *See* M.P.E.P. § 2141.02 ("A patentable invention may lie in the discovery of the source of a problem even though the remedy may be obvious once the source of the problem is identified").

Additionally, the Examiner in the prior Final Office Action had taken Official Notice that it was well known in the art to have a payment cycle determined by a user. Importantly, because Applicants specifically traversed that Official Notice, and further because the Examiner did not "provide documentary evidence in the next Office action," that position can no longer be

maintained. *See* M.P.E.P. § 2144.03(c); 37 CFR 1.104(c)(2). *See also* Zurko, 258 F.3d at 1386, 59 USPQ2d at 1697.

For at least these reasons, Applicants respectfully submit that claims 9, 13 and 17-20 are non-obvious and patentable over Bucci in view of DeSane and Official Notice.

Claims 10-12 and 14-16

Claims 10-12 and 14-16 depend from independent claims 9 and 13, respectively. As such, Applicants respectfully submit that these claims are also allowable for at least the same reasons expressed above with respect to independent claims 9 and 13

Additionally, as acknowledged by the Examiner on page 6 of the Office Action, Bucci fails to disclose or suggest limitations of claims 10-11 and 13-14 (which limitations were reflected in similar form in now-cancelled claims 3-4 and 7-8). Applicants respectfully traverse the Examiner's position that these limitations are "admitted prior art," as Applicants have never made such an admission and in fact traversed the Examiner's rejections in Applicants' January 14, 2010 Response.

Applicants hereby traverse any rejections, objections, and/or official notice by the Examiner not expressly traversed herein above. As indicated previously, Applicants' silence with regard to the specific limitations of the dependent claims, or points of official notice not expressly addressed, is based on the Applicants' contention that the rejections and/or official notice are moot based on Applicants' Remarks relative to other claim limitations and/or limitations of the independent claims from which the dependent claims depend.

For all of the foregoing reasons, Applicants respectfully submit that the pending claims are in condition for allowance pursuant to at least 35 U.S.C. § 103.

CONCLUSION

In view of the foregoing Amendments and Remarks, Applicants respectfully submit that the pending claims of the present application are allowable over the prior art of record. Applicants thus respectfully request that the pending claims be allowed by the Examiner. Favorable consideration and timely allowance of this application are respectfully requested. Applicant hereby authorizes the Commissioner to charge payment of any additional fees, or credit any overpayment associated with this communication, to Deposit Account 02-4377.

In the event that the application is not deemed in condition for allowance, the Examiner is invited to contact the undersigned in an effort to advance the prosecution of this application.

Respectfully submitted,

Eliot D. Williams
Patent Office Reg. No. 50,822

Robert L. Maier
Patent Office Reg. No. 54,291

BAKER BOTTS, L.L.P.
30 Rockefeller Plaza
New York, New York 10112-4498
(212) 408-2500